

**ASSEMBLY, No. 2198**

---

**STATE OF NEW JERSEY**

**219th LEGISLATURE**

---

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex and Morris)**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**SYNOPSIS**

“Water Infrastructure Improvement Bond Act of 2018,” authorizes bonds for \$400,000,000, and appropriates \$5,000.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 1/27/2020)**

1   **AN ACT** authorizing the creation of a debt of the State of New  
2       Jersey by the issuance of bonds of the State in the aggregate  
3       principal amount of \$400,000,000 for the purpose of financing  
4       water infrastructure improvement projects; providing the ways  
5       and means to pay and discharge the principal of and interest on  
6       the bonds; providing for the submission of this act to the people  
7       at a general election; and making an appropriation therefor.

8  
9       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
10      *of New Jersey:*

11

12       1. This act shall be known and may be cited as the “Water  
13      Infrastructure Improvement Bond Act of 2018.”

14

15       2. The Legislature finds and declares that much of the State’s  
16      drinking water infrastructure has aged past its useful life and is  
17      breaking down due to decades of underinvestment; that in cities and  
18      towns across the State, failure to repair or replace broken pipes has  
19      led to increased water main breaks and service interruptions, more  
20      frequent and costly emergency repairs, insufficient water flow and  
21      pressure, and a lack of sufficient water infrastructure to support  
22      local and State economic growth; that the State loses an estimated  
23      20 to 22 percent of its treated drinking water annually from leaking  
24      pipes, with some New Jersey water suppliers reporting losses of as  
25      much as 33 percent of their drinking water; that these losses raise  
26      water prices for everyone and affect the State’s ability to ensure the  
27      reliability of water for home and commercial consumption; that the  
28      State also faces significant problems with lead, a highly toxic metal  
29      that even at low levels can impair a child’s brain development; and  
30      that an estimated 350,000 homes and businesses in the State are  
31      served by lead service lines, and testing has shown that lead is  
32      pervasive in the drinking water of schools across the State.

33      The Legislature further finds and declares that drinking water  
34      infrastructure is only part of a much broader, interconnected  
35      network of water infrastructure, which includes wastewater and  
36      stormwater facilities; that the State’s wastewater infrastructure has  
37      also aged past its useful life, lacks adequate capital investment, and  
38      poses a threat to public health and economic growth; that in 21 of  
39      New Jersey’s largest and oldest cities, combined sewer systems  
40      cause raw sewage to overflow into streets and contaminate  
41      waterways, including drinking water sources; that in many cities  
42      and towns, large volumes of stormwater runoff cause flooding and  
43      property damage, and carry debris, bacteria, and harmful chemicals  
44      into water bodies; that modern and reliable water infrastructure  
45      provides the foundation for a prosperous economy and healthy  
46      communities; that current levels of State and federal funding are  
47      insufficient to address the State’s aging, inadequate, and unsafe  
48      water infrastructure; that local revenues are insufficient to meet the

1 large capital investment needs of many drinking water, wastewater,  
2 and stormwater systems; and that greater State funding is necessary  
3 to support upgrades to these systems.

4 The Legislature therefore determines that it is in the public  
5 interest for the State to issue bonds for the purpose of providing  
6 financial assistance to local government units to rehabilitate, repair,  
7 and replace their water infrastructure. The Legislature further  
8 determines that, to achieve the maximum use of the bond funds  
9 authorized pursuant to this act, it is appropriate that these funds be  
10 made available to the New Jersey Department of Environmental  
11 Protection and the New Jersey Infrastructure Bank for integration,  
12 to the greatest extent practicable, into existing programs and  
13 resources in the New Jersey Environmental Infrastructure Financing  
14 Program.

15

16 3. As used in this act:

17 “Bonds” mean the bonds authorized to be issued, or issued,  
18 pursuant to this act.

19 “Combined sewer overflow” means the discharge of untreated or  
20 partially treated stormwater runoff and wastewater from a combined  
21 sewer system into a body of water.

22 “Combined sewer system” means a sewer system designed to  
23 carry wastewater at all times, which is also designed to collect and  
24 transport stormwater runoff from streets and other sources, thereby  
25 serving a combined purpose.

26 “Commissioner” means the Commissioner of Environmental  
27 Protection.

28 “Cost” means the expenses incurred in connection with any  
29 water infrastructure improvement project; the execution of any  
30 agreements and franchises deemed by the department or the trust to  
31 be necessary or useful and convenient in connection with any  
32 project authorized by this act; the procurement or provision of  
33 engineering, inspection, planning, legal, financial, or other  
34 professional services, estimates, studies, reports, or advice,  
35 including the services of a bond registrar or an authenticating agent;  
36 feasibility studies; the issuance of bonds, or any interest or discount  
37 thereon; the administrative, organizational, operating, or other  
38 expenses incident to the financing and completing of any project  
39 authorized by this act; the establishment of a reserve fund or funds  
40 for working capital, operating, maintenance, or replacement  
41 expenses and for the payment or security of principal or interest on  
42 bonds, as the Director of the Division of Budget and Accounting in  
43 the Department of the Treasury may determine; and reimbursement  
44 to any fund of the State of moneys which may have been transferred  
45 or advanced therefrom to any fund created by this act, or of any  
46 moneys which may have been expended therefrom for, or in  
47 connection with, any project authorized by this act.

1       “Department” means the Department of Environmental  
2 Protection.

3       “Government securities” means any bonds or other obligations  
4 which as to principal and interest constitute direct obligations of, or  
5 are unconditionally guaranteed by, the United States of America,  
6 including obligations of any federal agency, to the extent those  
7 obligations are unconditionally guaranteed by the United States of  
8 America, and any certificates or any other evidences of an  
9 ownership interest in those obligations of, or unconditionally  
10 guaranteed by, the United States of America or in specified portions  
11 which may consist of the principal of, or the interest on, those  
12 obligations.

13       “Local government unit” means a county; municipality;  
14 municipal, county, or regional sewerage authority or utilities  
15 authority; municipal sewerage district; joint meeting; or any other  
16 political subdivision of the State authorized pursuant to law to  
17 construct, operate, or maintain a public water system, wastewater  
18 treatment system, stormwater management system, or combined  
19 sewer system.

20       “Public water system” means a system for the provision to the  
21 public of water for human consumption through pipes or other  
22 constructed conveyances, if the system has at least 15 service  
23 connections or regularly serves an average of at least 25 individuals  
24 daily at least 60 days out of the year. “Public water system”  
25 includes (1) any collection, treatment, storage and distribution  
26 facilities under control of the operator of the system and used  
27 primarily in connection with the system, and (2) any collection or  
28 pre-treatment storage facilities not under such control which are  
29 used primarily in connection with the system.

30       “Service line” means the pipe, tubing, and fittings connecting a  
31 water main to an individual water meter or service connection.

32       “Stormwater management system” means any equipment, plants,  
33 structures, machinery, apparatus, management practices, or land, or  
34 any combination thereof, acquired, used, constructed, implemented,  
35 or operated by a local government unit to prevent nonpoint source  
36 pollution, abate improper cross-connections and interconnections  
37 between stormwater and sewer systems, minimize stormwater  
38 runoff, reduce soil erosion, or induce groundwater recharge, or any  
39 combination thereof.

40       “Trust” means the New Jersey Infrastructure Bank created  
41 pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4).

42       “Wastewater” means residential, commercial, industrial, or  
43 agricultural liquid waste, sewage, or any combination thereof, or  
44 other liquid residue discharged or collected into a sewer system or  
45 stormwater management system, or any combination thereof.

46       “Wastewater treatment system” means any equipment, plants,  
47 structures, machinery, apparatus, or land, or any combination  
48 thereof, acquired, used, constructed, or operated by a local

1 government unit for any or all of the following: the storage,  
2 collection, reduction, recycling, reclamation, disposal, separation,  
3 or other treatment of wastewater or sewage sludge; the collection or  
4 treatment, or both, of stormwater runoff and wastewater; or the final  
5 disposal of residues resulting from the treatment of wastewater,  
6 including, but not limited to, pumping and ventilating stations,  
7 treatment plants and works, connections, outfall sewers,  
8 interceptors, trunk lines, stormwater management systems, and  
9 other personal property and appurtenances necessary for their use or  
10 operation.

11 “Water infrastructure improvement project” or “project” means a  
12 project authorized pursuant to subsection b. of section 5 of this act  
13 and identified pursuant to the water infrastructure improvement  
14 project priority list adopted by the commissioner and the trust  
15 pursuant to section 24 of this act.

16 “Water loss” means the difference between the annual volume of  
17 water entering a water distribution system and the annual volume of  
18 metered and unmetered water taken by registered customers, the  
19 water purveyor, and others who are implicitly or explicitly  
20 authorized to do so pursuant to a permit issued by the department,  
21 and includes the annual volume lost through breaks, leaks, and  
22 overflows on mains, service reservoirs, and service connections, up  
23 to the point of customer metering, in addition to unauthorized  
24 consumption, metering inaccuracies, and systemic data handling  
25 errors.

26

27 4. The commissioner and the trust shall adopt, pursuant to the  
28 "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1 et  
29 seq.), rules and regulations necessary to implement the provisions  
30 of this act. The commissioner and the trust shall review and  
31 consider the findings and recommendations of the New Jersey  
32 Commission on Capital Budgeting and Planning in the  
33 administration of the provisions of this act.

34

35 5. a. Bonds of the State of New Jersey are authorized to be  
36 issued in the aggregate principal amount of \$400,000,000 for the  
37 purpose of financing the cost of water infrastructure improvement  
38 projects, as set forth in subsection b. of this section, and identified  
39 pursuant to the water infrastructure improvement project priority  
40 list adopted by the commissioner and the trust pursuant to section  
41 24 of this act.

42 b. Of the aggregate principal amount of bonds authorized  
43 pursuant to subsection a. of this section:

44 (1) \$100,000,000 shall be allocated to the department for the  
45 purpose of providing matching grants and zero interest loans to  
46 local government units to finance the cost of projects to repair and  
47 rehabilitate public water systems, including, but not limited to,  
48 projects to reduce water loss. Priority shall be given to local

1 government units that have established asset management programs  
2 pursuant to section 7 of P.L.2017, c.133 (C.58:31-7), or any rules or  
3 regulations adopted pursuant thereto;

4 (2) \$100,000,000 shall be allocated to the department for the  
5 purpose of providing matching grants to local government units and  
6 investor-owned water companies to finance the cost of lead service  
7 line replacement projects that primarily benefit at-risk populations,  
8 such as pregnant women and children, in economically-distressed  
9 areas. Priority shall be given to public water systems that have  
10 compiled inventories of lead service lines in use in their distribution  
11 systems;

12 (3) \$100,000,000 shall be allocated to the department for the  
13 purpose of providing grants, zero interest loans, or other financial  
14 assistance to local government units to finance the cost of combined  
15 sewer overflow abatement projects, including projects that reduce  
16 sewer flows through inflow and infiltration reduction, water  
17 conservation projects, and green infrastructure projects. Priority  
18 shall be given to local government units that have completed long-  
19 term control plans for combined sewer systems;

20 (4) \$50,000,000 shall be allocated to the trust for the purpose of  
21 establishing reserves and providing loan guarantees for stormwater  
22 management and combined sewer overflow abatement projects  
23 financed pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or this  
24 act;

25 (5) \$25,000,000 shall be allocated to the trust for the purpose of  
26 providing grants to local government units to finance the cost of  
27 developing asset management programs for public water systems,  
28 wastewater treatment systems, and stormwater management  
29 systems; and

30 (6) \$25,000,000 shall be allocated to the trust for the purpose of  
31 providing grants to local government units to finance the costs of  
32 developing long-term control plans for combined sewer systems.

33 c. When providing financial assistance pursuant to this section,  
34 the department and the trust shall, to the greatest extent practicable,  
35 utilize existing programs and resources in the New Jersey  
36 Environmental Infrastructure Financing Program.

37  
38 6. The bonds authorized under this act shall be serial bonds,  
39 term bonds, or a combination thereof, and shall be known as "2018  
40 Water Infrastructure Improvement Bonds." They shall be issued  
41 from time to time as the issuing officials herein named shall  
42 determine and may be issued in coupon form, fully-registered form  
43 or book-entry form. The bonds may be subject to redemption prior  
44 to maturity and shall mature and be paid not later than 35 years  
45 from the respective dates of their issuance.

46  
47 7. The Governor, the State Treasurer and the Director of the  
48 Division of Budget and Accounting in the Department of the

1 Treasury, or any two of these officials, herein referred to as “the  
2 issuing officials,” are authorized to carry out the provisions of this  
3 act relating to the issuance of bonds, and shall determine all matters  
4 in connection therewith, subject to the provisions of this act. If an  
5 issuing official is absent from the State or incapable of acting for  
6 any reason, the powers and duties of that issuing official shall be  
7 exercised and performed by the person authorized by law to act in  
8 an official capacity in the place of that issuing official.

9  
10 8. Bonds issued in accordance with the provisions of this act  
11 shall be a direct obligation of the State of New Jersey, and the faith  
12 and credit of the State are pledged for the payment of the interest  
13 and redemption premium thereon, if any, when due, and for the  
14 payment of the principal thereof at maturity or earlier redemption  
15 date. The principal of and interest on the bonds shall be exempt  
16 from taxation by the State or by any county, municipality or other  
17 taxing district of the State.

18  
19 9. The bonds shall be signed in the name of the State by means  
20 of the manual or facsimile signature of the Governor under the  
21 Great Seal of the State, which seal may be by facsimile or by way  
22 of any other form of reproduction on the bonds, and attested by the  
23 manual or facsimile signature of the Secretary of State, or an  
24 Assistant Secretary of State, and shall be countersigned by the  
25 facsimile signature of the Director of the Division of Budget and  
26 Accounting in the Department of the Treasury and may be manually  
27 authenticated by an authenticating agent or bond registrar, as the  
28 issuing official shall determine. Interest coupons, if any, attached  
29 to the bonds shall be signed by the facsimile signature of the  
30 Director of the Division of Budget and Accounting in the  
31 Department of the Treasury. The bonds may be issued  
32 notwithstanding that an official signing them or whose manual or  
33 facsimile signature appears on the bonds or coupons has ceased to  
34 hold office at the time of issuance, or at the time of the delivery of  
35 the bonds to the purchaser thereof.

36  
37 10. a. The bonds shall recite that they are issued for the  
38 purposes set forth in section 5 of this act, that they are issued  
39 pursuant to this act, that this act was submitted to the people of the  
40 State at the general election next occurring at least 70 days after  
41 enactment as specified in section 23 of this act, and that this act was  
42 approved by a majority of the legally qualified voters of the State  
43 voting thereon at the election. This recital shall be conclusive  
44 evidence of the authority of the State to issue the bonds and their  
45 validity. Any bonds containing this recital shall, in any suit, action  
46 or proceeding involving their validity, be conclusively deemed to be  
47 fully authorized by this act and to have been issued, sold, executed

1 and delivered in conformity herewith and with all other provisions  
2 of laws applicable hereto, and shall be incontestable for any cause.

3 b. The bonds shall be issued in those denominations and in the  
4 form or forms, whether coupon, fully-registered or book-entry, and  
5 with or without provisions for interchangeability thereof, as may be  
6 determined by the issuing officials.

7  
8 11. When the bonds are issued from time to time, the bonds of  
9 each issue shall constitute a separate series to be designated by the  
10 issuing officials. Each series of bonds shall bear such rate or rates  
11 of interest as may be determined by the issuing officials, which  
12 interest shall be payable semiannually; except that the first and last  
13 interest periods may be longer or shorter, in order that intervening  
14 semiannual payments may be at convenient dates.

15  
16 12. The bonds shall be issued and sold at the price or prices and  
17 under the terms, conditions and regulations as the issuing officials  
18 may prescribe, after notice of the sale, published at least once in at  
19 least three newspapers published in this State, and at least once in a  
20 publication carrying municipal bond notices and devoted primarily  
21 to financial news, published in this State or in the city of New York,  
22 the first notice to appear at least five days prior to the day of  
23 bidding. The notice of sale may contain a provision to the effect  
24 that any bid in pursuance thereof may be rejected. In the event of  
25 rejection or failure to receive any acceptable bid, the issuing  
26 officials, at any time within 60 days from the date of the advertised  
27 sale, may sell the bonds at a private sale at such price or prices  
28 under the terms and conditions as the issuing officials may  
29 prescribe. The issuing officials may sell all or part of the bonds of  
30 any series as issued to any State fund or to the federal government  
31 or any agency thereof, at a private sale, without advertisement.

32  
33 13. Until permanent bonds are prepared, the issuing officials  
34 may issue temporary bonds in the form and with those privileges as  
35 to their registration and exchange for permanent bonds as may be  
36 determined by the issuing officials.

37  
38 14. a. The proceeds from the sale of the bonds allocated  
39 pursuant to paragraphs (1) through (3) of subsection b. of section 5  
40 of this act shall be paid to the State Treasurer for deposit in a  
41 separate nonlapsing revolving fund, which shall be known as the  
42 "2018 Water Infrastructure Improvement Fund," for use by the  
43 department as provided in this act.

44 b. The proceeds from the sale of bonds allocated pursuant to  
45 paragraphs (4) through (6) of subsection b. of section 5 of this act  
46 shall be paid to the State Treasurer for deposit in a separate  
47 nonlapsing revolving fund, which shall be known as the "2018



1 Water Infrastructure Improvement Trust Fund,” for use by the trust  
2 as provided in this act.

3  
4 15. a. (1) The moneys in the “2018 Water Infrastructure  
5 Improvement Fund” are specifically dedicated and allocated to the  
6 purposes set forth in paragraphs (1) through (3) of subsection b. of  
7 section 5 of this act. However, no moneys in the fund shall be  
8 expended for those purposes, except as otherwise authorized by this  
9 act, without the specific appropriation thereof by the Legislature,  
10 but bonds may be issued as herein provided, notwithstanding that  
11 the Legislature shall not have then adopted an act making a specific  
12 appropriation of any of the moneys. Any act appropriating moneys  
13 from the “2018 Water Infrastructure Improvement Fund” shall  
14 identify the project to be funded by the moneys.

15 Payments of principal and interest on loans made from the “2018  
16 Water Infrastructure Improvement Fund” shall be returned to that  
17 fund for use for any authorized purpose to which moneys in the  
18 fund may be used pursuant to this act. Moneys in the “2018 Water  
19 Infrastructure Improvement Fund” may be made available to the  
20 trust, with the concurrence of the department, for temporary use by  
21 the trust for any of the purposes set forth in paragraph (2) of this  
22 subsection, under terms and conditions established therefor by the  
23 commissioner and the trust and approved by the State Treasurer.

24 The trust shall repay to the “2018 Water Infrastructure  
25 Improvement Fund” any sums made available to the trust for  
26 temporary use. Repayment shall be in accordance with the terms  
27 and conditions approved therefor.

28 (2) The moneys in the “2018 Water Infrastructure Improvement  
29 Trust Fund” are specifically dedicated and allocated to the purposes  
30 set forth in paragraphs (4) through (6) of subsection b. of section 5  
31 of this act, including the establishment by the trust of reserve and  
32 loan guarantee accounts within that fund. The reserve account is to  
33 be used to secure debt issued by the trust pursuant to P.L.1985,  
34 c.334 (C.58:11B-1 et seq.); and the guarantee account is to be used  
35 by the trust to secure debt issued by a local government unit. The  
36 trust shall not directly or indirectly use any moneys paid to it  
37 pursuant to this paragraph for the purpose of issuing a loan  
38 guarantee in connection with the financing of a stormwater  
39 management project or combined sewer overflow abatement  
40 project, unless the project and the amount of the loan guarantee  
41 shall have been approved by the Legislature. Moneys in the reserve  
42 and loan guarantee accounts may be made available to the  
43 department, with the concurrence of the trust, for temporary use by  
44 the department in implementing the provisions of this act, under  
45 terms and conditions established therefor by the commissioner and  
46 the trust and approved by the State Treasurer. The department shall  
47 repay to the “2018 Water Infrastructure Improvement Trust Fund”  
48 any sums made available to the department for temporary use.

1     Repayment shall be in accordance with the terms and conditions  
2     approved therefor.

3         b. At any time prior to the issuance and sale of bonds under  
4     this act, the State Treasurer is authorized to transfer from any  
5     available moneys in any fund of the treasury of the State to the  
6     credit of the “2018 Water Infrastructure Improvement Fund” or the  
7     “2018 Water Infrastructure Improvement Trust Fund” those sums as  
8     the State Treasurer may deem necessary. The sums so transferred  
9     shall be returned to the same fund of the treasury of the State by the  
10    State Treasurer from the proceeds of the sale of the first issue of  
11    bonds.

12        c. Pending their application to the purposes provided in this  
13    act, the moneys in the “2018 Water Infrastructure Improvement  
14    Fund” may be invested and reinvested as are other trust funds in the  
15    custody of the State Treasurer, in the manner provided by law, and  
16    moneys in the “2018 Water Infrastructure Improvement Trust  
17    Fund” may be invested and reinvested by the trust as are other trust  
18    funds in the custody of the trust.

19        Net earnings received from the investment or deposit of moneys  
20    in the “2018 Water Infrastructure Improvement Fund” shall be paid  
21    to that fund. Net earnings received from the investment or deposit  
22    of moneys in the “2018 Water Infrastructure Improvement Trust  
23    Fund” shall be paid to that fund for use by the trust to cover  
24    administrative expenses incurred in administering that fund. Any  
25    moneys not required by the trust for administrative expenses shall  
26    be used for any other authorized purpose to which moneys in the  
27    “2018 Water Infrastructure Improvement Trust Fund” may be used.

28        d. The trust may charge and collect annually from local  
29    government units fees and charges in connection with any loans,  
30    guarantees, or other services provided by the trust, in amounts  
31    sufficient to reimburse the trust for all reasonable costs necessarily  
32    incurred in connection therewith, and in connection with the  
33    establishment and maintenance of reserve or other funds, as the  
34    trust may determine to be reasonable.

35        e. Unexpended moneys due to project withdrawals,  
36    cancellations, or cost savings shall be returned to the appropriate  
37    fund to be used for the purposes of the fund.

38

39        16. If any coupon bond, coupon or registered bond is lost,  
40    mutilated or destroyed, a new bond or coupon shall be executed and  
41    delivered of like tenor, in substitution for the lost, mutilated or  
42    destroyed bond or coupon, upon the owner furnishing to the issuing  
43    officials evidence satisfactory to them of the loss, mutilation or  
44    destruction of the bond or coupon, the ownership thereof, and  
45    security, indemnity and reimbursement for expenses connected  
46    therewith, as the issuing officials may require.

1       17. The accrued interest, if any, received upon the sale of  
2 the bonds shall be applied to the discharge of a like amount of  
3 interest upon the bonds when due. Any expense incurred by the  
4 issuing officials for advertising, engraving, printing, clerical,  
5 authenticating, registering, legal or other services necessary to carry  
6 out the duties imposed upon them by the provisions of this act shall  
7 be paid from the proceeds of the sale of the bonds by the State  
8 Treasurer, upon the warrant of the Director of the Division of  
9 Budget and Accounting in the Department of the Treasury, in the  
10 same manner as other obligations of the State are paid.

11

12       18. Bonds of each series issued hereunder shall mature,  
13 including any sinking fund redemptions, not later than the 35th year  
14 from the date of issue of that series, and in amounts as shall be  
15 determined by the issuing officials. The issuing officials may  
16 reserve to the State by appropriate provision in the bonds of any  
17 series the power to redeem any of the bonds prior to maturity at the  
18 price or prices and upon the terms and conditions as may be  
19 provided in the bonds.

20

21       19. Any bond or bonds issued hereunder which are subject to  
22 refinancing pursuant to the "Refunding Bond Act of 1985,"  
23 P.L.1985, c.74 as amended by P.L.1992, c.182 (C.49:2B-1 et seq.),  
24 shall no longer be deemed to be outstanding, shall no longer  
25 constitute a direct obligation of the State of New Jersey, and the  
26 faith and credit of the State shall no longer be pledged to the  
27 payment of the principal of, redemption premium, if any, and  
28 interest on the bonds, and the bonds shall be secured solely by and  
29 payable solely from moneys and government securities deposited in  
30 trust with one or more trustees or escrow agents, which trustees and  
31 escrow agents shall be trust companies or national or state banks  
32 having powers of a trust company, located either within or without  
33 the State, as provided herein, whenever there shall be deposited in  
34 trust with the trustees or escrow agents, as provided herein, either  
35 moneys or government securities, including government securities  
36 issued or held in book-entry form on the books of the Department of  
37 Treasury of the United States, the principal of and interest on which  
38 when due will provide money which, together with the moneys, if  
39 any, deposited with the trustees or escrow agents at the same time,  
40 shall be sufficient to pay when due the principal of, redemption  
41 premium, if any, and interest due and to become due on the bonds  
42 on or prior to the redemption date or maturity date thereof, as the  
43 case may be; provided the government securities shall not be  
44 subject to redemption prior to their maturity other than at the option  
45 of the holder thereof. The State of New Jersey hereby covenants  
46 with the holders of any bonds for which government securities or  
47 moneys shall have been deposited in trust with the trustees or  
48 escrow agents as provided in this section that, except as otherwise

1 provided in this section, neither the government securities nor  
2 moneys so deposited with the trustees or escrow agents shall be  
3 withdrawn or used by the State for any purpose other than, and shall  
4 be held in trust for, the payment of the principal of, redemption  
5 premium, if any, and interest to become due on the bonds; provided  
6 that any cash received from the principal or interest payments on  
7 the government securities deposited with the trustees or escrow  
8 agents, to the extent the cash will not be required at any time for  
9 that purpose, shall be paid over to the State, as received by the  
10 trustees or escrow agents, free and clear of any trust, lien, pledge or  
11 assignment securing the bonds; and to the extent the cash will be  
12 required for that purpose at a later date, shall, to the extent  
13 practicable and legally permissible, be reinvested in government  
14 securities maturing at times and in amounts sufficient to pay when  
15 due the principal of, redemption premium, if any, and interest to  
16 become due on the bonds on and prior to the redemption date or  
17 maturity date thereof, as the case may be, and interest earned from  
18 the reinvestments shall be paid over to the State, as received by the  
19 trustees or escrow agents, free and clear of any trust, lien or pledge  
20 securing the bonds. Notwithstanding anything to the contrary  
21 contained herein: a. the trustees or escrow agents shall, if so  
22 directed by the issuing officials, apply moneys on deposit with the  
23 trustees or escrow agents pursuant to the provisions of this section,  
24 and redeem or sell government securities so deposited with the  
25 trustees or escrow agents, and apply the proceeds thereof to (1) the  
26 purchase of the bonds which were refinanced by the deposit with  
27 the trustees or escrow agents of the moneys and government  
28 securities and immediately thereafter cancel all bonds so purchased,  
29 or (2) the purchase of different government securities; provided  
30 however, that the moneys and government securities on deposit  
31 with the trustees or escrow agents after the purchase and  
32 cancellation of the bonds or the purchase of different government  
33 securities shall be sufficient to pay when due the principal of,  
34 redemption premium, if any, and interest on all other bonds in  
35 respect of which the moneys and government securities were  
36 deposited with the trustees or escrow agents on or prior to the  
37 redemption date or maturity date thereof, as the case may be; and b.  
38 in the event that on any date, as a result of any purchases and  
39 cancellations of bonds or any purchases of different government  
40 securities, as provided in this sentence, the total amount of moneys  
41 and government securities remaining on deposit with the trustees or  
42 escrow agents is in excess of the total amount which would have  
43 been required to be deposited with the trustees or escrow agents on  
44 that date in respect of the remaining bonds for which the deposit  
45 was made in order to pay when due the principal of, redemption  
46 premium, if any, and interest on the remaining bonds, the trustees or  
47 escrow agents shall, if so directed by the issuing officials, pay the

1 amount of the excess to the State, free and clear of any trust, lien,  
2 pledge or assignment securing the refunding bonds.

3  
4 20. Refunding bonds issued pursuant to P.L.1985, c.74 as  
5 amended by P.L.1992, c.182 (C.49:2B-1 et seq.) may be  
6 consolidated with bonds issued pursuant to section 5 of this act or  
7 with bonds issued pursuant to any other act for purposes of sale.

8  
9 21. To provide funds to meet the interest and principal payment  
10 requirements for the bonds and refunding bonds issued under this  
11 act and outstanding, there is appropriated in the order following:

12 a. Revenue derived from the collection of taxes under the  
13 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or so  
14 much thereof as may be required; and

15 b. If, at any time, funds necessary to meet the interest,  
16 redemption premium, if any, and principal payments on outstanding  
17 bonds issued under this act are insufficient or not available, there  
18 shall be assessed, levied and collected annually in each of the  
19 municipalities of the counties of this State, a tax on the real and  
20 personal property upon which municipal taxes are or shall be  
21 assessed, levied and collected, sufficient to meet the interest on all  
22 outstanding bonds issued hereunder and on the bonds proposed to  
23 be issued under this act in the calendar year in which the tax is to be  
24 raised and for the payment of bonds falling due in the year  
25 following the year for which the tax is levied. The tax shall be  
26 assessed, levied and collected in the same manner and at the same  
27 time as are other taxes upon real and personal property. The  
28 governing body of each municipality shall cause to be paid to the  
29 county treasurer of the county in which the municipality is located,  
30 on or before December 15 in each year, the amount of tax herein  
31 directed to be assessed and levied, and the county treasurer shall  
32 pay the amount of the tax to the State Treasurer on or before  
33 December 20 in each year.

34 If on or before December 31 in any year, the issuing officials, by  
35 resolution, determine that there are moneys in the General Fund  
36 beyond the needs of the State, sufficient to pay the principal of  
37 bonds falling due and all interest and redemption premium, if any,  
38 payable in the ensuing calendar year, the issuing officials shall file  
39 the resolution in the office of the State Treasurer, whereupon the  
40 State Treasurer shall transfer the moneys to a separate fund to be  
41 designated by the State Treasurer, and shall pay the principal,  
42 redemption premium, if any, and interest out of that fund as the  
43 same shall become due and payable, and the other sources of  
44 payment of the principal, redemption premium, if any, and interest  
45 provided for in this section shall not then be available, and the  
46 receipts for the year from the tax specified in subsection a. of this  
47 section shall be considered and treated as part of the General Fund,  
48 available for general purposes.

1        22. Should the State Treasurer, by December 31 of any year,  
2        deem it necessary, because of the insufficiency of funds collected  
3        from the sources of revenues as provided in this act, to meet the  
4        interest and principal payments for the year after the ensuing year,  
5        then the State Treasurer shall certify to the Director of the Division  
6        of Budget and Accounting in the Department of the Treasury the  
7        amount necessary to be raised by taxation for those purposes, the  
8        same to be assessed, levied and collected for and in the ensuing  
9        calendar year. The director shall, on or before March 1 following,  
10       calculate the amount in dollars to be assessed, levied and collected  
11       in each county as herein set forth. This calculation shall be based  
12       upon the corrected assessed valuation of each county for the year  
13       preceding the year in which the tax is to be assessed, but the tax  
14       shall be assessed, levied and collected upon the assessed valuation  
15       of the year in which the tax is assessed and levied. The director  
16       shall certify the amount to the county board of taxation and the  
17       treasurer of each county. The county board of taxation shall include  
18       the proper amount in the current tax levy of the several taxing  
19       districts of the county in proportion to the ratables as ascertained for  
20       the current year.

21  
22       23. For the purpose of complying with the provisions of the  
23       State Constitution, this act shall be submitted to the people at the  
24       general election next occurring at least 70 days after enactment. To  
25       inform the people of the contents of this act, it shall be the duty of  
26       the Secretary of State, after this section takes effect, and at least 60  
27       days prior to the election, to cause this act to be published at least  
28       once in one or more newspapers of each county, if any newspapers  
29       be published therein and to notify the clerk of each county of this  
30       State of the passage of this act; and the clerks respectively, in  
31       accordance with the instructions of the Secretary of State, shall  
32       have printed on each of the ballots the following:

33       If you approve of the act entitled below, make a cross (x), plus  
34       (+), or check ( ✓ ) mark in the square opposite the word "Yes."

35       If you disapprove of the act entitled below, make a cross (x),  
36       plus (+), or check ( ✓ ) mark in the square opposite the word "No."

37       If voting machines are used, a vote of "Yes" or "No" shall be  
38       equivalent to these markings respectively.

		<p>WATER INFRASTRUCTURE IMPROVEMENT BOND ACT OF 2018</p>
	YES	<p>Do you approve the “Water Infrastructure Improvement Bond Act of 2018”? This act authorizes the State to issue bonds in the amount of \$400 million. The monies will be used to assist local governments and utilities to upgrade their water infrastructure.</p>

		INTERPRETIVE STATEMENT
	NO	Approval of this act will allow the State to sell \$400 million in bonds. The monies will be used to help local governments and utilities pay for water infrastructure improvement projects. These include projects to repair drinking water infrastructure, replace water service lines containing toxic lead, and reduce pollution from combined sewer systems. The monies would also be used to provide grants to local governments to develop water infrastructure management plans.

1

2       The fact and date of the approval or passage of this act, as the

3 case may be, may be inserted in the appropriate place after the title

4 in the ballot. No other requirements of law of any kind or character

5 as to notice or procedure, except as herein provided, need be

6 adhered to.

7       The votes so cast for and against the approval of this act, by

8 ballot or voting machine, shall be counted and the result thereof

9 returned by the election officer, and a canvass of the election had in

10 the same manner as is provided for by law in the case of the

11 election of a Governor, and the approval or disapproval of this act

12 so determined shall be declared in the same manner as the result of

13 an election for a Governor, and if there is a majority of all the votes

14 cast for and against it at the election in favor of the approval of this

15 act, then all the provisions of this act not made effective theretofore

16 shall take effect forthwith.

17

18       24. The commissioner and the trust shall, on or before January

19 15 of each year, develop and submit to the Legislature a priority

20 system for projects to be financed pursuant to section 5 of this act

21 and shall establish the ranking criteria and funding policies for the

22 projects therefor. The commissioner and the trust shall establish a

23 water infrastructure improvement project priority list for funding

24 for each fiscal year and shall include the aggregate amount of funds

25 to be authorized for these purposes. No moneys shall be expended

26 for grants, zero interest loans, or other financial assistance in a

27 fiscal year for any water infrastructure improvement project unless

28 the expenditure is authorized pursuant to an appropriations act. As

29 part of the annual submission required by this section, the

30 department and the trust shall each provide a financial accounting

31 of all project expenditures made in the preceding year, and of all

32 administrative expenses incurred by the trust from interest earnings

1 from the "2018 Water Infrastructure Improvement Trust Fund" in  
2 connection therewith.

3  
4 25. All appropriations from the "2018 Water Infrastructure  
5 Improvement Fund" or the "2018 Water Infrastructure Improvement  
6 Trust Fund" shall be by specific allocation for each project, and any  
7 transfer of any funds so appropriated shall require the approval of  
8 the Joint Budget Oversight Committee or its successor.

9  
10 26. There is appropriated the sum of \$5,000 to the Department  
11 of State for expenses in connection with the publication of notice  
12 pursuant to section 23 of this act.

13  
14 27. This section and sections 23 and 26 of this act shall take  
15 effect immediately and the remainder of this act shall take effect as  
16 and when provided in section 23 of this act.

17  
18  
19 STATEMENT

20  
21 This bill, entitled the "Water Infrastructure Improvement Bond  
22 Act of 2018," would authorize the issuance of \$400 million in State  
23 general obligation bonds for the purpose of providing grants, zero  
24 interest loans, and other financial assistance to local government  
25 units and utilities to finance the cost of water infrastructure  
26 improvement projects.

27 Of the \$400 million in bonds authorized under the bill:

28 (1) \$100 million would be allocated to the Department of  
29 Environmental Protection (DEP) for the purpose of providing  
30 matching grants and zero interest loans to local government units to  
31 finance the cost of projects to repair and rehabilitate public water  
32 systems, including projects to reduce water loss. Priority would be  
33 given to local government units that have established asset  
34 management programs pursuant to the requirements of the "Water  
35 Quality Accountability Act";

36 (2) \$100 million would be allocated to the DEP for the purpose  
37 of providing matching grants to local government units and  
38 investor-owned water companies to finance the cost of lead service  
39 line replacement projects that primarily benefit at-risk populations,  
40 such as pregnant women and children, in economically-distressed  
41 areas. Priority would be given to public water systems that have  
42 compiled inventories of lead service lines in use in their distribution  
43 systems;

44 (3) \$100 million would be allocated to the DEP for the purpose  
45 of providing grants, zero interest loans, or other financial assistance  
46 to local government units to finance the cost of combined sewer  
47 overflow abatement projects, including projects that reduce sewer  
48 flows through inflow and infiltration reduction, water conservation



1 projects, and green infrastructure projects. Priority would be given  
2 to local government units that have completed long-term control  
3 plans for their combined sewer systems;

4 (4) \$50 million would be allocated to the New Jersey  
5 Infrastructure Bank, formerly the New Jersey Environmental  
6 Infrastructure Trust (trust), for the purpose of establishing reserves  
7 and providing loan guarantees for stormwater management and  
8 combined sewer overflow abatement projects financed under the  
9 New Jersey Environmental Infrastructure Financing Program  
10 (NJEIFP);

11 (5) \$25 million would be allocated to the trust for the purpose of  
12 providing grants to local government units to finance the cost of  
13 developing asset management programs for public water systems,  
14 wastewater treatment systems, and stormwater management  
15 systems; and

16 (6) \$25 million would be allocated to the trust for the purpose of  
17 providing grants to local government units to finance the costs of  
18 developing long-term control plans for their combined sewer  
19 systems.

20 When providing financial assistance under the bill, the  
21 department and the trust would be required to utilize existing  
22 programs and resources in the NJEIFP, to the greatest extent  
23 practicable.

24 On or before January 15 of each year, the DEP and the trust  
25 would be required to develop and submit to the Legislature a water  
26 infrastructure improvement project priority list. The DEP and the  
27 trust would establish the water infrastructure improvement project  
28 priority list for funding for each fiscal year and include the  
29 aggregate amount of funds authorized for the purposes listed above.  
30 No bond moneys would be expended for any purpose in a fiscal  
31 year unless the expenditure has been authorized pursuant to a  
32 legislative appropriations act.

33 The bill provides that the bond act is to be submitted to the  
34 people for approval at the general election to be held at least 70  
35 days after enactment of the bill into law, and appropriates \$5,000 to  
36 the Department of State for expenses in connection with publication  
37 of the public question.